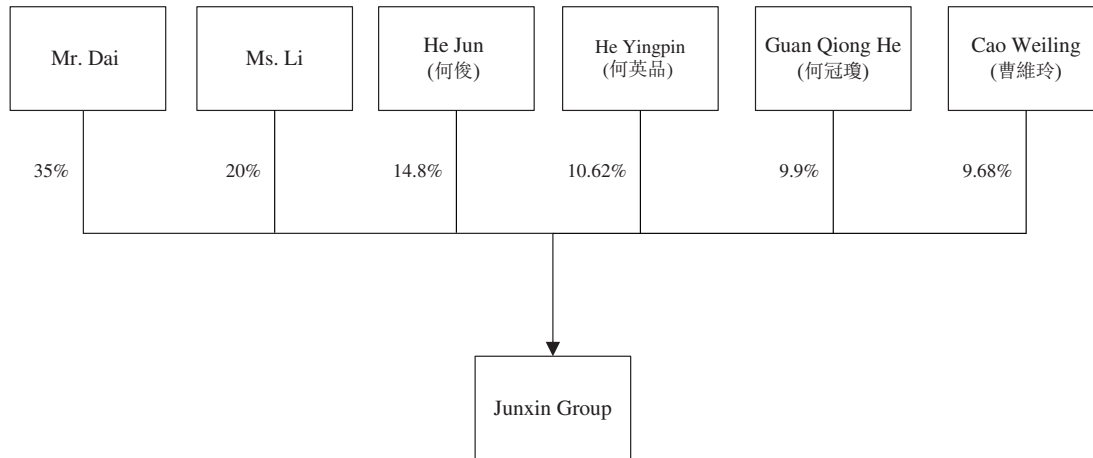


RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, our Company is owned as to approximately 45.27% by Junxin Group. Currently, as an investment holding company, Junxin Group serves as a shareholding platform for the Shares of the Company. The equity interests of Junxin Group are directly held as to 35% by Mr. Dai, 20% by Ms. Li, 14.8% by He Jun (何俊), approximately 10.62% by He Yingpin (何英品), 9.9% by Guan Qiong He (何冠瓊) and approximately 9.68% by Cao Weiling (曹維玲), respectively. The following chart demonstrates the shareholding of Junxin Group as of the Latest Practicable Date.



Pursuant to the AIC Agreement entered into between Mr. Dai and Ms. Li, the mother-in-law of Mr. Dai, on October 12, 2020, Mr. Dai and Ms. Li acknowledged and agreed that they have acted and will continue to act in concert for all management affairs of our Group. If Mr. Dai and Ms. Li are unable to reach a consensus on relevant matters after extensive discussion, Mr. Dai's opinion shall take precedence. The AIC agreement was entered into in consideration of Ms. Li's advanced age and her limited involvement in Junxin Group's daily operations, and took effect on October 12, 2020 with an indefinite term. For details, please see the section headed "History, Development and Corporate Structure — Acting in concert" in this Document. Under the articles of association of Junxin Group, by collectively holding 55% of the equity interests, Mr. Dai and Ms. Li are able to exclusively control all ordinary resolutions requiring a simple majority. These include approvals of annual business plans, investment schemes, financial budgets, and profit distribution plans. On the other hand, the special resolutions, such as amendments to the articles, changes in registered capital, mergers, divisions, or dissolution of the company, require a two-thirds supermajority and thus depend on support from minority shareholders. Nevertheless, Mr. Dai and Ms. Li's unilateral authority over ordinary resolutions, combined with Mr. Dai's position as the sole executive director and general manager of Junxin Group, confirms their effective control over Junxin Group's general management and ordinary decision-making. As such, Mr. Dai and Ms. Li collectively control the majority equity interests and the daily management of Junxin Group. Junxin Group, Mr. Dai, Ms. Li and Daoxin Investment (Mr. Dai's controlled entity) are considered as our Controlling Shareholders.

The minority equity interests of Junxin Group are directly held as to 14.8% by He Jun (何俊), approximately 10.62% by He Yingpin (何英品), 9.9% by Guan Qiong He (何冠瓊) and approximately 9.68% by Cao Weiling (曹維玲). He Jun, Guan Qiong He and Cao Weiling is the sister, the daughter and the spouse of He Yingpin (何英品), respectively. They are not presumed to be our Controlling Shareholders because, pursuant to the Minority Shareholders' Undertakings, each of He Yingpin, He Jun, Guan Qiong He and Cao Weiling undertook not to proactively seek the de facto control of the Company or Junxin Group, including not to (1) directly or indirectly increase his/her shareholding in Junxin Group on his/her own initiative; (2) enhance his/her voting rights in Junxin Group by accepting proxies, soliciting voting rights, or entering into any concert party agreements; and (3) enter into any shareholders' voting agreements, delegate voting rights, or make other arrangements with any party other than Mr. Dai to assist such party in obtaining control over Junxin Group. The Minority Shareholders' Undertakings constitute a clear and formal renunciation of any intention on the part of He Yingpin, He Jun, Guan Qiong He and Cao Weiling to participate in the control of Junxin Group and/or the Company, and their ability to potentially block special resolutions of Junxin does not in itself equate to positive control and substantial influence over

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Junxin Group and/or the Company. The undertakings have been in full force and effect throughout the Track Record Period, and the existence and observance of the Minority Shareholders’ Undertakings demonstrate that He Yingpin, He Jun, Guan Qiong He and Cao Weiling do not consider themselves as part of the controlling group. There is also no arrangement among Mr. Dai, Ms. Li, He Yingpin, He Jun, Guan Qiong He and Cao Weiling to actively cooperate to obtain or consolidate control of Junxin Group and/or the Company, and there had not been in place historically any acting-in-concert agreements amongst the parties to jointly affect management and control of Junxin Group and/or the Company. Furthermore, He Yingpin, He Jun, Guan Qiong He and Cao Weiling are Independent Third Parties to Mr. Dai and Ms. Li, and thus could not be regarded as “acting in concert” for the purposes of the Takeovers Code. Therefore, despite being shareholders of Junxin Group, He Yingpin, He Jun, Guan Qiong He and Cao Weiling are not presumed to be our Controlling Shareholders.

The indirect holding of the Shares of the Company by He Yingpin, He Jun, Guan Qiong He and Cao Weiling through Junxin Group, alongside Mr. Dai and Ms. Li, stem from the historical collaboration during the early stages of the business. Mr. Dai and He Yingpin have been business partners since early 2000s. Through establishing joint venture companies, they collaborated primarily in the sectors of real estate development and road and bridge infrastructure construction. To advance into the solid waste treatment sector, Junxin Group was established in 2006 as a joint venture for this new cooperative business. Under Mr. Dai’s leadership, the solid waste treatment business achieved rapid and significant growth, which strengthened the confidence of He Yingpin, He Jun, Guan Qiong He, and Cao Weiling in Mr. Dai’s management of both Junxin Group and the Company. This confidence led them to remain as the minority shareholders in Junxin Group. Subsequently, following the restructurings of the businesses, Junxin Group gradually transformed into a holding platform for the Shares of the Company. For further details of the early business restructurings between Junxin Group and the Company, please see the section headed “History, Development, and Corporate Structure – Business Development Milestones” in this Document.

In light of the actual governance structure of Junxin Group and Mr. Dai’s controlling position which was underpinned by the confidence of He Yingpin, He Jun, Guan Qiong He, and Cao Weiling, the AIC Agreement and the Minority Shareholders’ Undertakings were executed during the preparation for the A Share Offering. These agreements served to formalize and reinforce the stability, clarity and identifiability of the controlling shareholders of Junxin Group, and, consequently, the Company.

In light of the Acquisition of Renhe, Mr. Dai and the Proxy Grantors entered into the Voting Rights Proxy Agreement and a supplemental agreement on June 26, 2023 and October 24, 2023 respectively, pursuant to which the Proxy Grantors have agreed that from the date on which the Shares were registered under the name of the Proxy Grantors and until December 31, 2027, Mr. Dai was appointed as the proxy of the Proxy Grantors to exercise in his sole discretion at the general meetings of the Company all voting rights attached to the Shares held by the Proxy Grantors. While exercising the voting rights under the Voting Rights Proxy Agreement, Mr. Dai may act in his own discretion and is not required to obtain prior consent from the Proxy Grantors. As such, Mr. Dai, through the Voting Rights Proxy Agreement, is further entitled to control the exercise of the voting rights of the Shares held by the Proxy Grantors, which is approximately 14.54% of the total issued share capital of our Company as of the Latest Practicable Date.

The Voting Rights Proxy Agreement was executed because the Proxy Grantors have confidence and faith in the leadership and management of Mr. Dai, and believe that entrusting their voting rights to Mr. Dai is aligned with the interests of our Group and Shareholders as a whole. Furthermore, the execution of the Voting Rights Proxy Agreement enhanced Mr. Dai’s control over the Company after the completion of the Acquisition of Renhe.

Furthermore, as of the Latest Practicable Date, Mr. Dai is also directly interested in approximately 3.83% of the total issued share capital of our Company and indirectly interested in approximately 1.28% of our total issued share capital through being the executive partner of Daoxin Investment. Mr. Dai has control over Daoxin Investment by virtue of being its executive partner.

Accordingly, as of the Latest Practicable Date, our Controlling Shareholders, namely Mr. Dai, Ms. Li, Junxin Group and Daoxin Investment, are entitled to control approximately 64.92% of our total issued share capital. Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and that no changes are made to the issued share capital of the Company between the Latest Practicable Date and [REDACTED]), our Controlling Shareholders will, directly and indirectly, continue to control in aggregate approximately [REDACTED]% of our total issued share capital.

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INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are able to carry on our business independently from our Controlling Shareholders and their respective close associates after the [REDACTED].

Management independence

Our business is managed and conducted by our Board and senior management. Upon the [REDACTED], Our Board consists of five executive Directors, two non-executive Directors and four independent non-executive Directors. Our core management team is led by Mr. Leng Chaoqiang and consists of five of our senior management members, namely Mr. Leng Chaoqiang, Mr. Qin Shishun, Mr. Dai Bin, Mr. Wu Bo and Mr. Sun Jikang. Immediately following completion of the [REDACTED], Mr. Dai will continue to hold directorship in Junxin Group.

Notwithstanding the roles of Mr. Dai, our Directors are of the view that our Company is able to function independently from our Controlling Shareholders for the following reasons:

- (i) each of our Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;
- (ii) our daily management and operation decisions are made by all our executive Directors and senior management, all of whom have substantial experience in the industry in which we are engaged and will be able to make business decisions that are in the best interest of our Group. For details of the industry experience of our senior management, see the section headed "Directors and Senior Management" in this Document;
- (iii) we have appointed four independent non-executive Directors, comprising more than one-third of the total members of our Board, who have sufficient knowledge, experience and competence with a view to bringing independent judgement to the decision-making process of our Board;
- (iv) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. For further details, please refer to the paragraph headed "Corporate governance measures" in this section; and
- (v) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director is obliged to declare and fully disclose such potential conflict of interests and shall abstain from voting at the relevant Board meetings in respect of such transactions and shall not be counted in the quorum.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from the Controlling Shareholders and their respective close associates after the [REDACTED].

Operational independence

We do not rely on our Controlling Shareholders and their respective close associates for our daily operations. We have our own departments specializing in various aspects in relation to our business development, including but not limited to production planning, procurement, human resources, administration, internal audit and research and development, which have been in operation and are expected to continue to operate separately and independently from our Controlling Shareholders and their respective close associates. In addition, we have our own headcount of employees for our operations and management for human resources.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

We also maintain a set of comprehensive internal control procedures to facilitate the effective operation of our businesses. We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We also have sufficient capital, facilities, equipment and employees, administrative and corporate governance infrastructure, to operate the business independently. We are also in possession of all relevant licenses, certificates, facilities, intellectual property rights and approvals and permits from the relevant regulatory authorities necessary to carry on and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently.

Based on the above, our Directors believe that we are able to operate independently from the Controlling Shareholders and their close associates.

Financial independence

We have an independent financial system and make financial decisions according to our Group's own business needs. We have internal control and accounting systems and an independent finance department in charge of our treasury function. We do not expect to rely on the Controlling Shareholders and their respective close associates for financing after the [REDACTED] as we expect that our working capital will be funded by the cash and cash equivalent, financial assets at FVPL as well as the [REDACTED] from the [REDACTED].

As of the Latest Practicable Date, we did not have any outstanding loans or non-trade balances granted, guaranteed or pledged by any our Controlling Shareholders to us.

Based on the above, our Directors believe that we have the ability to operate independently of our Controlling Shareholders and their respective close associates from a financial perspective and are able to maintain financial independence from, and do not place undue reliance on, our Controlling Shareholders and their respective close associates.

RULE 8.10 OF THE LISTING RULES

The Controlling Shareholders and the Directors confirm that as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

NON-COMPETE UNDERTAKINGS

In connection with the A Share Offering, each of Mr. Dai and Junxin Group has executed a non-competition undertaking, pursuant to which each of Mr. Dai and Junxin Group undertakes that, among others:

- (a) he/it does not, either individually or jointly with any entities, directly or indirectly engage in or participate in any business or activity that competes with our Company;
- (b) during the period when he/it is still the controlling shareholder of our Company, he/it shall adopt legal and effective measures to ensure that he/it, or his/its controlled entities will not, in any manner, directly or indirectly engage in or participate in any business or activity that competes or may compete with our Company;
- (c) during the period when he/it is still the controlling shareholder of our Company, and if he/it or his/its controlled entities identifies any business opportunity that may compete with our Company, he/it shall, at our Company's request, transfer such business opportunity to our Company; and
- (d) if he/it breaches the above non-competing undertakings and causes damage to our Company, he/it shall compensate our Company for all losses incurred thereof.

The above non-competition undertakings took effect on October 12, 2020 and remain effective with an indefinite term as long as Mr. Dai and Junxin Group are the controlling shareholders of the Company.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

CORPORATE GOVERNANCE MEASURES

Our Company and Directors are committed to upholding and implementing the highest standards of corporate governance and recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders. Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules (the “**Corporate Governance Code**”), which sets out principles of good corporate governance.

Our Directors recognize the importance of implementing good corporate governance and effective internal control measures in protection of our Shareholders’ interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests between our Group and our Controlling Shareholders and their respective close associates:

- (i) a Director with material interests shall make full disclosure in respect of any matters that conflict or potentially conflict with our interests (including transactions in which a Director has an interest in a company that will enter into an agreement with our Group) and absent himself/herself from the board meetings on matters in which such Director or any of his/her close associates have a material interest;
- (ii) our Board will consist of a balanced composition of executive, non-executive and not less than one-third of independent non-executive Directors to ensure that our Board is able to effectively exercise independent judgement in its decision-making process and provide independent advice to our Shareholders. We believe that our independent non-executive Directors, individually and together, possess the requisite knowledge and experience, and they are free of any business and/or other relationship which could interfere in any material manner with the exercise of their independent judgement. They are committed to providing an impartial and external opinion to protect the interests of our public Shareholders. For further details on our independent non-executive Directors, please see the section headed “Directors and Senior Management — Independent non-executive Directors” in this Document;
- (iii) as part of our preparation for the [REDACTED], we have amended our Articles of Association to comply with the Listing Rules which will become effective upon the [REDACTED]. In particular, our Articles of Association provide that, a Director shall abstain from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her close associates has a material interest nor shall such Director be counted in the quorum present at the Board meeting;
- (iv) in the event that any potential conflict of interest arises at the shareholders’ level, our Controlling Shareholders shall abstain from voting in the shareholders’ meeting of our Company with respect to the relevant resolution(s);
- (v) we have established the Audit committee, the Remuneration and Evaluation Committee, the Strategic and ESG Committee and the Nomination Committee to assess, control and ensure that our Board is appropriately advised, as to matters relating to, among other things, our relationship with our external auditors and internal audit function, the remuneration and evaluation of our Directors and our senior management, and the composition of our Board. Our Audit Committee comprises non-executive Directors and each of our Remuneration and Evaluation Committee and Nomination Committee comprises a majority of independent non-executive Directors. In addition, the chairperson of each of our Audit Committee, Nomination Committee and Remuneration and Evaluation Committee is an independent non-executive Director. For details of our committees and their composition, please see the section headed “Directors and Senior Management — Board Committees” in this Document;
- (vi) we have established internal control mechanisms to identify connected transactions. Upon the [REDACTED], if our Group enters into connected transactions with our Controlling Shareholders and their respective close associates, we will comply with the applicable Listing Rules;

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- (vii) as required by the Listing Rules, our independent non-executive Directors will review, on an annual basis, whether there is any conflict of interests between our Group and the Controlling Shareholders (the "**Annual Review**") and provide impartial and professional advice to protect the interests of our minority Shareholders. Where our Directors reasonably request the advice of independent professionals, such as financial advisors, for this purpose, the appointment of such independent professionals will be made at our Company's expenses;
- (viii) each of our Controlling Shareholders agrees to provide all information reasonably requested by the independent non-executive Directors for the Annual Review, including all relevant financial, operational and market information; and
- (ix) we have appointed Somerley Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to directors' duties and corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders and/or their respective close associates, and to protect minority Shareholders' interests after the [REDACTED].